

How Armenia Could Approach the European Union

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¹ The findings, conclusions and interpretations expressed in this paper are the personal opinions of the author only and do not necessarily reflect the views of AEPLAC (Armenian-European Policy and Legal Advice Centre) for which he had been on an assignment on investment in Armenia in May/June 2003, nor should they in no way be taken to reflect the opinions of the European Commission. In the context with many interviews on investment, the idea for this article has been worked out. The author would like to thank Alexei Sekarev, Ashot Iskandaryan, Kristina Tereshchatova and Narine Sahakyan for their advice and valuable input.

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1. A Possible Accession and its Timetable

In the draft paper on behalf of UNDP and the Armenian Ministry of Trade and Economic Development “Programme for a Stable Economic Development for Armenia”³ the authors (among them Armen Yeghiazaryan, former Minister of Economy, Vahram Avanesyan, former Minister of Economy, and Levon Barkhudaryan, former Minister of Finance) have advocated with a certain weight an accession of Armenia to the European Union⁴.

Already a senior EU diplomat, Torben Holtze, Head of the European Delegation in Armenia and Georgia, had expressed the EU’s openness towards such a proposal⁵.

However, an Armenian accession is not (yet) an issue within the European Union, given that the big accession round of 10 Central and Eastern European as well as South European countries and islands will come into effect by 1st May, 2004, with all the ongoing discussions in these countries as well as in the EU.

After this enlargement from 15 to 25 members, which as the biggest in the history of the EU will take some time to be swallowed, there will be further enlargements: Those of Romania and Bulgaria in 2007/2008 can be taken for sure, and also Croatia which has submitted an application in early 2002 thinks of being able to jump on the train by this date, which is not unrealistic.

The remaining Balkan countries – Macedonia, Bosnia-Herzegovina, Albania, Serbia and Montenegro (with Kosovo as integral part or not) will follow. Macedonia and Albania have announced a membership application for the end of 2003 or beginning of 2004. There has been, until now, a clear but rarely outspoken finality of the Balkan belonging into the European Union, also under peace auspices like the ones proposed by the French Foreign Minister Robert Schuman in 1950.

Schuman has said – and is this not valid for Armenia and its neighbours? – that Germany had three wars with France within 70 years, and this had been in nobody’s interest. He suggested, to finish this “practice” once and for all, to set under common management (as to markets, access, sales etc.) at first two products and their derivatives one needs most in wars, namely coal and steel. *Voilà*, this speech from 9th May, 1950⁶ was the reason for the predecessor of the European Economic Community from 1957 and later of the European Union, the European Community of Steel and Coal (ECSC).

³ Published by UNDP and Ministry of Trade and Economic Development, Yerevan 2003, pp. 45 et al.

⁴ Within his mission on foreign investment in June 2003 and the many interviews he had the author has noted a remarkable wish to accede to the European Union, above all with well-informed and trained people. This was the initiation for this article.

⁵ Arminfo, 22nd January, 2002 (interview)

⁶ The 9th May is today celebrated every year in the EU institutions as a holiday, compensating that the multinational EU staff cannot celebrate the many national holidays any longer. Therefore, this holiday is often called the “Saint-Schuman” (Holy Schuman).

After the Balkans, Ukraine and Moldavia might be possible future EU members. Ukraine follows a policy that around 2011 it may be ready for accession to the European Union, a date which is often considered a bit too optimistic by many EU observers, given the political and economic problems of this country.

Armenia's President, Robert Kocharian, has declared only recently that the European direction is a priority in Armenia's foreign policy⁷. Only very recently, the Prime Minister of Armenia, Andranik Margaryan, when meeting the World Bank Executive Director had said Armenia "will continue its course towards European integration and EU membership", and that the political and economic stability in the country will allow to develop the progress the country has made so far⁸.

That leads to the questions of the how, the finality, and the when. As to the finality, let us assume here that Armenia is consequent and will deposit an application to the EU as a full member.

Until now, very few Armenian policy makers, opinion leaders, university students or intellectuals dared to think about a concrete application for Armenia's accession to the EU. Everybody was somehow in favour and said that "some time" this will happen. This article is intended to kick off a broad discussion on this matter, and assume an application for accession will be submitted.

But when could – and should - Armenia deposit an application for EU membership? There are several possibilities: one theory says in a rather short time, i. e. 4-5 years. The other one says, maybe in 15-20 years. Anything between these poles is also possible. One should not forget that it was unthinkable e.g. for the Baltic Republics of Lithuania, Latvia or Estonia to be a member in May 2004 even eight to ten years before, as well as for EU citizens⁹, and that still in 1990 to many Europeans and third country citizens it had appeared impossible that the EU would use one single currency from the year 1999, the Euro in cash form being issued since the beginning of 2002.

If Turkey would become a candidate country with negotiating status towards the EU at the end of 2004 (with negotiations starting somewhere in 2005), then Armenia should hurry to forward also an application, given the particular relations between Armenia and Turkey which should prevent Armenia to find itself in a substantially worse situation towards the EU than Turkey.

Then, for instance, the Armenian government should explain in the last quarter of 2004 – if possible even before the decision of the EU on the beginning of negotiations - or in the beginning of 2005 its intention to deposit an application for accession at a precise given date some years later, e. g. in the beginning of 2007, thus preserving all rights to become an EU member state and its interests to be discussed, and fully taken into account, within any forthcoming EU accession negotiations, even between the EU and Turkey.

⁷ Noyan Tapan No. 22 (473) from 9th June 2003

⁸ Arminfo 13th June 2003: "Armenia's Prime Minister Meets with World Bank Executive Director"

⁹ Torben Holtze correctly so in his interview in Arminfo, 22nd January, 2002

A timetable model for Armenia could be:

End of 2004 / beginning of 2005: announcement of a membership application in 2007

Beginning of 2007: membership application

2007-2015: up to 8 years of negotiations

2015: EU member state

2022: accession date + 7 years = last transition phases end

Of course this timetable could only be kept if Armenia would set an accent on the requirements of at first approximation of legislation and implementation of various legal acts.

2. Legal Criteria for Accessions

Any accession to the EU is ruled by article 49 EU Treaty. It says literally:

Article 49 (ex Article O) EU Treaty

(bold fragments by the editor)

Any **European State**, which respects the **principles set out in Article 6(1)** may **apply** to become a member of the Union. It shall address its **application to the Council**, which shall act **unanimously** after **consulting the Commission** and after receiving the assent of the **European Parliament**, which shall act by an **absolute majority of its component members**.

The conditions of admission and the adjustments to the Treaties on which the Union is founded, which such admission entails shall be the subject of an **agreement between the Member States and the applicant State**. This agreement shall be submitted for **ratification by all the contracting States** in accordance with their respective constitutional requirements.

In detail, these requirements mean:

2.1 European State

Only European states can belong to the EU. The question is if Armenia is a European state. Those who say no can say only that its geographical location is in what is often denominated in Europe as “Smaller Asia”.

However, there is a large front of pros:

- membership in the Council of Europe
- clear orientation of its population towards Europe
- large consensus with Western European values
- Western European civilization elements prevail
- membership in many European bodies

A restriction to core-Europe is today considered, after all, as quasi-racist.

Armenia is also in the evaluations of most geographers a European state, but “at the edge” towards the East, towards Asia. Armenia should not deny this, but positively display this fact towards the rest of Europe.

The head of the EU Delegation for Armenia and Georgia, Torben Holtze, said clearly that “as a matter of principle Armenia is a European country and like other European states it has the right to be a EU member provided it meets necessary standards and criteria”. Also, the European Parliament noted on 12 January 2002 that Armenia (and Georgia) may enter the EU in future; many official documents contain this wording¹⁰.

2.2. Respect of the principles set out in art. 6 (1) / Copenhagen criteria

Art. 6 (1) EU-Treaty says: “The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States.” Based on this, the Copenhagen criteria have been worked out at the occasion of a EU European Council (summit meeting of the heads of governments and states) in 1993.

In order to join the European Union, the states need to fulfil the economic and political conditions known as the 'Copenhagen criteria', according to which a prospective member must:

- be a stable democracy, respecting human rights, the rule of law, and the protection of minorities;
- have a functioning market economy;
- adopt the common rules, standards and policies that make up the body of EU law.

2.3. Application to the Council

What does this application mean – as such? It could be

- a. an operative, active political measure, which leads directly to negotiations and to EU accession, but also
- b. a kind of general orientation for the country, often in contrast to other movements within this country, which follow another orientation (Switzerland 1992, before the EEA referendum; Turkey 1986). In the case of Turkey, only many years later the country obtained candidate status, but yet without concrete negotiations.

It should be mentioned that in the history of the EU several countries have tried to deposit an application. Morocco did this in 1986 (after the accession of Spain and Portugal); in

¹⁰ Arminfo, 22nd, January 2002 (Interview with Mr. Torben Holtze)

this case the EU replied that Morocco did not belong to Europe and therefore cannot deposit an application. The parliament of Kazakhstan did the same in 1993, but however this was meant as a declaration of sympathy towards the EU only.

In the case of Armenia, only the solution a. is thinkable, as the specific items in the national policy of this country are lacking, in contrary e.g. to Turkey.

2. 4. Opinion of the Commission

The opinion of the EU Commission to an accession request is an important paper. The basis for any negotiations has been in the past the *acquis*. This signifies what the EU has achieved until now, legally, politically, economically. *Acquis* is the magic word for all accession negotiations. Armenia should work even before an application on its approximation to the *acquis*.

*To the EU acquis belongs also the **European Monetary Union (EMU)**. For instance, all Central and Eastern European future members will be members of EMU; there is no opt-out regulation. This will not be a problem for Armenia. The EU accession as such, however, differs from the (in the cases of Central and Eastern European States: later) accession into EMU. But in theory, at the time Armenia would enter the EU it might also be ready for EMU. Given the positive macroeconomic figures, this may be very realistic.*

These opinions of the EU Commission have been in the past repeatedly kept up to date, by the so-called “Regular Reports” (annually in November of the last years) for the present ongoing accessions. These papers have been the check-list for everything to be done and for what has been achieved.

In this context a large amount of legal approximation work has to be done in all newly acceding countries. In the past, the so-called NPAA (National Plan for the Adoption of the Acquis) had to be written. This is a very long table, with different priority indications for laws. In CIS countries like Armenia, the NAP (...) has to be written. It may be too late to orient the first version to the accession objective, but there will be revisions and modifications, where this can be undertaken.

2.5. Vote by the European Parliament with Absolute Majority of its Members - Unanimous Vote of the Council - Ratification of the Accession Treaty by all EU member states

These three kinds of votes have to be given at the end of any accession negotiation.

It is evident that the risk of being denied accession has been smaller in a EU of the 6, 8, 9, 12 etc., than in a EU of 25 member states. There can never be denied the possibility of a populist mainstream of the population in the EU. However, this risk is rather small than

large. This risk is the biggest in the ratifications of the member states, the second biggest in the ratification by the European Parliament, the smallest risk in the European Council.

There must be, however, if EU policies are interpreted correctly, be found a political solution for the Nagorny-Karabakh problem. This might be possible in a positive sense for the citizens of Nagorny-Karabakh, the citizens for Armenia, the Azeri citizens. In this context, Armenia would be well advised not to consider too much some voices from across the Atlantic (Aram Veenser once wrote a book on “International Nationalism”, saying in the subtitle “Most at Home When Farthest Abroad”). While the interests of Armenia must indeed be secured for the future there is, after all, a pragmatic solution potential.

Maybe after an application date, if a solution has not been found, the EU could help in working together with the participating sides and trying to find a solution. Very often in the past, likewise problems have changed their paradigms during the accession process (e.g. the territorial dispute on maritime waters between Slovenia and Croatia, although this was a “mini-problem” compared to the Nagorny-Karabakh issue).

3. Anti-Accession arguments

In public discussions of acceding countries often the following anti-accession arguments have been heard:

- *There will be the “sale of the fatherland”, e. g. for real estate etc.*
Facts: Of course, sooner or later the EU-imminent freedom of capital would be in practice. However, all new member states have obtained generous transition phases for this question. In previous accessions, after this transition phase (often even before) this issue did not play any role.

Real estate would, like in all other accession cases (even for Denmark or Austria), be subject to a generous transition rule. One has to see the realistic time approach for this issue.

- *The country will loose its sovereignty.*
Facts: Who – in particular as a small country – is in today’s globalisation still sovereign? Even bigger countries, e.g. France, Germany, United Kingdom, lost considerable elements of their sovereignty while being in the EU. Countries like Germany and France lost a lot of their sovereignty when entering the European Monetary Union. Nobody serious, however, wants to turn back the wheel.

In a more and more globalised world and with a more and more increasing net of regional integrations, talks about “national sovereignty” are not any longer topical and justified. Any talks about this cannot be hindered, but one should see that positions like this are defeated democratically, i.e. by elections.

- *The country will lose itself within the jungle of the EU – it will be disregarded.*
Facts: This is absolutely wrong. Even a country, which has to admit that it had until now difficulties to be heard in the EU institutions and the EU public must admit that within the EU there are lots of platforms (European Parliament, Council of the European Union, Committee of Regions etc.) which must only be used. In this context, the new member country **must** be considered.

Indeed, the contrary of what this argument expresses is true. All countries coming into the EU have realized that its identity grew – but not in a previous, national(ist) sense, but in a n integration sense. In case of problems, there has been solidarity, there is security.

4. Some Economic and Political Issues and the Accession

Of course, only some and very few aspects of the consequences of a possible Armenian accession can be displayed here. These are just some issues Armenia would have to take into account at an early stage, e.g. for further approximation of legislation towards the EU legal order¹¹.

Besides economic issues, a priority should be set by Armenia to have assessments in EU documents not worsened, like: “A member of the Council of Europe since January 2001, Armenia’s respect for democracy. The rule of law and human rights is not particularly alarming”¹²

4.1. The Schengen Agreement and Its Consequences for Armenia

The Schengen¹³ Agreement is part of the *acquis* and therefore would have to be managed also by Armenia. There are considerable and well-accepted advantages; Armenians would not have to think about their visa, if one enters a plane in Yerevan, there would be no passport controls in all EU destinations (except UK and Ireland), not even in Iceland or Norway (for they belong to the Nordic Passport Union which was kept alive when Sweden and Finland entered the EU), two countries not belonging to the EU.

But the Schengen Agreement will bring also some difficulties (which may not be considered as too big difficulties in Armenia): Armenia would have to make sure that through its borders to all third countries the trafficking of persons, smuggling and illegal

¹¹ An excellent overview on approximation of legislation is given by Lusine Hovhanisian/Alexei Sekarev/Maria Silvanyan/Natella Tadevosyan: Legal Transition in Armenia in 1998-2002 – Challenges and Accomplishments, AEPLAC Working Paper No. 14, Yerevan, March 2003

¹² Armenia Country Strategy Paper 2002-2006, European Commission, 27.12.2001

¹³ Schengen is a little town in Luxemburg at the border to France, where the agreement on more freedom for traveling EU citizens has been adopted, during a Luxemburg EU Council presidency.

border crossings is impossible. Of course, the EU would help with equipment etc., but the personnel for this task would have to be at disposition by the respective state, in this case Armenia. But as Armenia's borders are already relatively well guarded, this might not be the biggest issue.

Another problem is, as Armenia would have to leave CIS in the moment of its accession (but nevertheless could keep e.g. an associated status to CIS), that the visa problem should be regulated. There would be no visa between the EU and Armenia. But as there are no visa between the CIS and Armenia, the question is how this problem could be solved. Russia had a difficult visa discussion with the EU on Kaliningrad. But this would be a problem only if nothing would move, and the relations between Russia and the EU are moving forward. There have even been calls for a middle-term abolition of visa for Russian citizens, and if police cooperation could be improved in the next years as well as in view of the time, it can be calculated that with a linear development it should be regulated "automatically" until the time in which Armenia could become an EU member state.

4.2. Migration, Re-Immigration and Investment

In the EU, there were positive experience with re-immigration and investment, e. g. to new member states like Spain and Portugal. These countries have lost considerable parts of the population by emigration to France, Germany, Belgium and Luxemburg. However, once Spain and Portugal were on track towards the EU, already anticipating a final entry into this group of states, there started a net re-immigration of former so-called guest workers, and there was a lot of new investment, mainly from these persons, but also of course from "normal" business. This was due to a feeling that "now Spain/Portugal has again a perspective", that "now one can do business again with Spain/Portugal", that "now I can move back to my native country and open a taxi business" etc.

Also Ireland, during many decades "exporter" of persons, sees a similar development, even culminating in the re-integration of ethnic Irish from the United States, since it has made an incredible economic development in growth, unemployment, export figures, currency stability¹⁴.

Armenia would profit likewise: The brain drain would be dried up, the emigration would definitively stop, there would be even in the years before the accession a movement to return to Armenia, most probably from Russia, but also from other countries. This "now one can live in this country again" attitude must not be underestimated, and accession to the EU might be the best remedy against the drain of qualified but frustrated people.

4.3. EU Single Market

¹⁴ Ireland has often been named the "Celtic Tiger".

The EU Single Market would be open for Armenian products which means a great opportunity for every exporter, This market will have a size of more than half a billion people. Precondition is that the products made in Armenia are of quality and/or technical standards of the European Union. To facilitate this trend, Armenian businessmen and/or SARM (RA State Agency for Standardisation and Metrology) should think more of being associated – even as observers, not as members – to the activities of CEN (European Standards Committee) or CENELEC (Standards Committee for Electrical Products) etc. Armenian businessmen – and the government – would do well if these implications of the Single Market are taken very serious (like, among others, market control, conformity assessment, product liability and product safety law etc.)¹⁵. In the agricultural field, there are sanitary and phytosanitary standards, which are sometimes considered as cumbersome, but the problem there may be rather quantity.

Altogether that means that Armenia would have to have enough testing laboratories and installations. But the developments to export aquaculture and fish products to the EU as well as to obtain licenses for slaughterhouses have been considered here as encouraging.

On the other hand, all products from the EU will be able to come to Armenia as well, which will bring more competition to Armenian businesspeople, which will also in some sectors push down the price levels. The people would be the winners, with more competition, more choice in goods, and all this in a way where any protectionist rollback would not be possible. However, Armenia has already now a relatively free trade system, and it tries to comply with its WTO obligations. Concerning customs, it would be sure that until an EU accession the Customs Administration would have to change completely, as within the EU there are no customs. It would be relevant only for third countries, or as in some EU member states, for other administrative tasks.

4.4. Agriculture

In 2002, 334,858 farms and trade organizations were registered in Armenia, which was by 60 fewer than the showing of 2001. According to the data of the Republic of Armenia National Statistical Service, in 2002 altogether 334,668 farms were managing the country's 453,080 hectares of lands of agricultural importance¹⁶. These numbers show that a very substantial movement would have to go through the agricultural sector, reducing the number of farms pro hectare, and that long transition periods are ahead of all participating sides.

But anyway, with or without the objective of an accession to the EU Armenia would have to do something decisive in agricultural policy. Armenia's admission to the World Trade Organization may create serious problems for Armenian farming community if the country's authorities do not take measures timely. WTO set a task of excluding tax

¹⁵ AEPLAC Report “Benchmarking the PCA Implementation between Armenia and the EU”, Yerevan, December 2002, p. 57

¹⁶ Noyan Tapan, 10th June, 2003

exemptions in the sphere of agriculture and limiting subsidies to the Armenian Government. In 2009 VAT will be imposed on the primary production of agricultural goods in Armenia, which may create problems for competition with similar imported products because of low productivity of the local production. This will worsen the social and financial conditions of Armenian farmers, if nothing is done. It must be noted that agriculture is unprofitable and subsidized worldwide. The Armenian Government should start elaborating a program of stimulation of the country's agriculture by introducing mechanisms of preferential bank crediting, for example¹⁷.

It should be noted that in 2003 the budgetary allocations for subsidizing the agriculture in Armenia total 9 billion drams (13,5 million EUR). WTO has confirmed the norm that the state subsidy must not exceed 5% of the gross agricultural production in Armenia beginning from 2009, which, according to estimations, will make up some \$50 million.¹⁸

5. The Question of the Turkish Accession to the EU

Turkey has submitted an application for accession already in April 1987. No other country, which submitted such an application needed more than 16 years until the negotiations begun. In fact, Turkey has a candidate status since 1999, but it will be decided only in December 2004 if and when negotiations on the accession should begin.

When asking a Turkish diplomat while in European Parliament in 1987, he replied to the author: We Turkish need this like a fata morgana, like a light at the horizon, in order not to fall back into pre-Kemalist structures.

For the European Parliament, the Oostlander Report from 20th May, 2003¹⁹ notes that Turkey is not yet ready for the opening of accession negotiations.

Among the political conditions Turkey still has to meet, Armenia had been noted explicitly. In the last version of the report, as submitted to the plenary session, it is written²⁰:

*“The European Parliament...
... 46. Calls on the Turkish authorities to promote good neighbourliness with Armenia in order to defuse tension and reduce the economic backwardness of the region affected by the ban; as a first step this could mean opening of the borders, mutual recognition and the resumption of diplomatic relations as a step towards compliance with the political criteria<
47. Calls on Turkish and Armenian academics, social organizations and NGOs to embark on a dialogue with each other, or to continue their existing dialogue, in order to overcome the tragic*

¹⁷ as proposed by Alexei Sekarev, AEPLAC Chief Advisor; see Arminfo, 2nd June, 2003

¹⁸ Arminfo 2nd June, 2003: “Armenia’s Admission to WTO May Create Problems for Armenian Farmers”

¹⁹ European Parliament Report on Turkey’s application for membership in the European Union, by Mr. Arie M. Oostlander, from 20.5.2003 (A5-0160/2003)

²⁰ Oostlander Report A5-0160/2003, p. 13

experiences of the past, as pointed out by Parliament in previous resolutions ..., which have hindered so far the normalization of the situation.”

Armenia should not just be a spectator if Turkey finally succeeds to obtain negotiations. It could – and should – enter this process by submitting an application of its own. It should neither be obsessed of a possible growing Turkey-EU relationship, nor should it look at Turkey like a rabbit to the snake.

At first, however, there are very good and realistic reasons that Turkey will open the border blockade very soon; it could be estimated this will be done within the next 6-9 months.

6. Alternatives to Accession

6.1. Free Trade Agreement or Customs Union

This could be a solution, at least ad interim. But a free trade agreement needs time to negotiate, as well as a customs union. There is a customs union between the EU and Turkey and Cyprus, and if Turkey would remain a candidate without negotiations at the end of 2004, a customs union could be a possibility. However, this is also a big challenge to the competitiveness of Armenia's industry.

Furthermore, the preparedness of the EU to go into a free trade agreement just with Armenia alone may not be too big. There will be a day when the whole CIS, above all Russia may enter in a free trade agreement with the EU; this would convene more to the regional principle the EU until now has tried to keep.

The risks of a free trade agreement or a customs union is also that not all goods would be included.

If Armenia wants also a kind of security by its integration with the EU, then any integration steps should go further than a free trade agreement or a customs union.

6.2. European Economic Area (EEA) Solution

The EEA has been founded in the early Nineties, coming into effect as from 1st January, 1994²¹. It was bound to comprise the EFTA (European Free Trade Agreement) countries, like Sweden, Finland, Austria, Norway, Iceland, Switzerland and Liechtenstein. Sweden, Finland and Austria preferred to be a EU member state, which was the case from 1st January, 1995. Switzerland voted in a referendum in December 1992 against the

²¹ The European Economic Area Agreement from 2nd May, 1992 can be downloaded on www.secretariat.efta.int

membership of the country in the EEA, thus leaving Norway, Iceland and Liechtenstein as EEA members. The EEA means in short:

- Full extension of the EU Single Market on the three member countries of EFTA
- No (or almost no) inclusion of agricultural products
- No participation of the three EFTA countries in EU institutions
- Common court on EFTA cases related to the Single Market (i.e. in competition, state aids, etc.), as a special senate of the European Court of Justice in Luxemburg
- Financial participation of the three EFTA countries in the structural funds of the EU

But such a “European tailor-made” solution would not help Armenia, which has to look for markets for its agricultural raw and processed products. The EEA solution has after all finalized not in a stable, second circle outside of the EU which assembles more and more states²²

6.3. Creation of a New “2nd Class Membership”

There have been, in a certain phase of the events in Central and Eastern Europe, discussions in the EU on a special model of a de facto “2nd class membership”, in particular around 1990²³. Of course, at that time no Central and Eastern European country has deposited its application for EU membership. These models have also been very diffuse. It is for sure that the EU does not like too many different structures with different countries. In 1998/1999, in some European think-tanks has been discussed if the Balkan countries could not come into a “non-discriminatory 2nd class membership”, but there is not even a paper which makes such a proposal.

It is not excluded that the EU comes closer to such a conclusion, but only if extraordinary circumstances demand such a solution. There are no models either. Therefore, any solution like a “2nd class membership” is not likely.

6.4. Conclusion of a Far-Reaching Association Agreement

Such a solution, which is sometimes proposed for Turkey (“*association de luxe*”), has in a certain way also reached with Switzerland, which has now 7 bilateral treaties (in seven fields, like transport, free circulation of persons etc.) with the EU. But Switzerland is extremely well placed with its trade with the EU, and is surrounded by EU countries, needing Switzerland also as a market and as a transit area. The Switzerland example cannot be transferred automatically to other countries.

²² There have been many models, including for example Eastern European states (who wanted, however, all to join the EU) or Northern African states (who wanted to work out regional free trade agreements). All these models failed, and in Norway as well in Iceland a possible EU membership is more and more discussed.

²³ For example by former EU Commissioner Frans Andriessen

A far-reaching association agreement would also have to be in the policy of the EU partner states, that is Armenia, in this case. Again, such an agreement with one single country alone does not make very much sense for the EU.

6.5. National Way

The last possibility for Armenia could be to go a national way. This would be to the detriment of the people, as many synergies in economy and policy could not be used. Above all, a national way risks always to finish in an exaggerated way in nationalism. In view of the world's attempts to introduce regional integrations, Armenia should not stand at the borderline of the playing field. There is no reason to object a national way within an integration, but a national way because of the national way would be effused by any European, as the European Union in itself is an anti-nationalist event.

7. The Future of the Partnership and Cooperation Agreement (PCA)

With all the newly emerging countries of the former Soviet Union the European Union worked out so called Partnership and Cooperation Agreements in the first half of the 90ies. The PCA, signed in 1996 and entering into power in 1999, is a comprehensive approach of the European Union to the region of the former USSR. It is very similar to every country²⁴.

First objective after the USSR disintegration has been to help the CIS countries in a general way to turn to the European Union, by promoting democracy and market economy. Ultimate objective for all or many PCA partners of the EU is, for many (inofficial) voices of the EU Commission, a **Free Trade Agreement between the EU and the CIS**.

This would fit well into a pattern, which has developed since some years: Regional Trade agreements (RTA) have conquered the world, replacing national states as principal actors in the global economy, in every part of the world. These RTA are of different intensity, the European Union being by far the most intensive.

The PCA should be used by Armenia as a tool conducting the way to further integration with the EU. At the same time, Armenia should be aware that in this case it would have to leave the CIS. But this could be done in the moment of accession, and it should be used by Armenia by displaying its new role as interface between the EU and CIS.

²⁴ see the excellent annotation in: Guide to the Implementation of the Partnership and Cooperation Agreement between Armenia and the European Communities and their Member States, ed. by AEPLAC, Brussels/Yerevan 2000

8. Regional Integration in the Caucasus Region

Regional integration does not exclude any further integration. Regional integration is any integration with Georgia, Azerbeidjan, but also with Iran and Turkey. This is a must for Armenia, alone in the short-term context. However, alone the question of Nagorny-Karabakh is an obstacle to any further going regional integration.

Regional integration after all seems to be a rather cumbersome process. However, there is some progress, e.g. there are no obstacles to the Transcaucasian countries' cooperation under the "Water Resource Management in the South Caucasus" programme:

A number of regional workshops were organized under this program, which were attended by representatives from the three Transcaucasian countries. The workshops discussed issues of efficient water resource management. The last workshop on 7th May, 2003 was also attended by representatives of government bodies and nongovernmental organizations from the Transcaucasian countries. It was reported that the workshop participants discussed a number of areas of efficient cooperation between the three Transcaucasian countries. Specifically, in question is exchange of information, joint monitoring, as well as assistance in harmonizing national laws²⁵.

However, this is not any real, efficient regional integration. Water management, energy, environment questions, transport²⁶ seem to be the first issues of regional integration, standards might be the next. So at least some goods could be circulated freely in the region, cutting down their costs.

A Cecchini Report²⁷ for the South Caucasus, which would still have to be written, would contain many possibilities to cut costs; as long as there is no real regional integration the citizens of the three countries will have to pay more than necessary.

After all, Armenia should look actively for more regional integration. First, all countries of the world try to become involved in regional integration schemes, and second it benefits Armenia, as well as its neighbouring countries.

²⁵ Arminfo, 2nd June, 2003: "Transcaucasian countries can cooperate in water resource management: Vahagn Tonoyan"

²⁶ see also the World Bank Report on "Trade and Transport Facilities Issues in the CIS + 2", January 2003 (download possible on www.libertas-institut.com, ECTIS page [European Centre for Transnational Integration Studies])

²⁷ Paolo Cecchini has been the Director General in the European Commission who wrote a famous report on the EU Single Market in the early Eighties: "The Costs on Non-Europe". This report, 20 big volumes, had the input of about 2000 civil servants and diplomats from the EU and the member states, as well as from consultants, journalists, universities etc.

9. Conclusions and Recommendations

1. *Approximation should become foreign policy objective no.1:*

Armenia can be recommended to signalize to everybody that its approximation towards the European Union is or will be foreign policy objective no. 1.

2. *Relations with Russia:*

In my personal opinion, there will be no serious objection from Russia (as it was in the very early nineties e. g. for the accession of Austria), which approaches more and more Europe as well, although not with the finality of membership (a membership of Russia with Wladiwostok, Irkutsk, Novosibirsk etc. is not really thinkable).

Russia's policy towards the EU and vice-versa are in a dynamic process. Russia would have in Armenia an excellent and additional turning point towards the EU. This could be possible – in my opinion – under the current Russian territorial protection for Armenia (if at this time this still would be necessary). In addition, the European Union will organize its common own defense policy.

3. *“As-If-Treatment”:*

Armenia's economic policy (tax, competition, banking, customs etc.) should from now on try to follow the ideal of an “as-if-treatment”, i. e. if Armenia were a member of the EU.

The same concerns the other policies, above all election standards, civil servants policy, administrative transition, fight against corruption, etc.

4. *Autonomous way of “approximation of legislation”:*

Regarding economic policy – see above no. 3. – Armenia should follow an autonomous way of “approximation of legislation” towards the *acquis*. “Autonomous” in this context means that Armenia could and should not be forced

to apply any changes to its speed of approximation of legislation by any neighbourly relationships.

5. *Institutional Strengthening by EU Departments in All Ministries:*

Within its own administration, Armenia should consequently try to improve its institutional strengthening. In all ministries and government agencies, EU departments should be opened, and the training of these as well as of other civil servants should be initiated (There are positive results for this and the approximation of legislation, see above no. 4, e. g. in Croatia, where far before an application for membership in the EU progress insofar has been made).

The danger for smaller countries, which want to join the EU, as it has been evident in most of the cases of Central and Eastern Europe, has been the lack of absorption capacity of the present administrations.

6. *Ministry or Office for European Integration:*

Within the presidency of Armenia, a Secretary of State (or similar) should be charged of European integration. All future member states had their own clearing places within their government. This Ministry, Office or Department of European Integration (or similar) should also coordinate the work of the European departments of the line ministries.

7. *Create a “European Movement”:*

An open committee composed of Members of Parliament, government representatives, university, the business world and citizen representatives should be set up to disseminate this objective throughout the population, together with representatives of other interested associations. There have been already attempts in founding NGOs. It should include, after all, the so-called civil society; also natural persons should find their place in there.

All EU member countries have a so-called “European Movement” which had great merits for the first time in the early Fifties, and still has.

8. *Participation in programmes and conferences:*

Armenia should take part in as many EU programmes of all kind, conferences etc., in order to prepare above all its young generation to the challenge of the European Union. Of course, this is valid also for Council of Europe measures. There are some programmes which are not really disseminated, and there are many conferences of the EU, e.g. with research subjects etc.

9. *Armenia Should Keep and Reinforce All Other Integration:*

Despite these abovementioned objectives, Armenia should not renounce its cooperation in the Council of Europe, in the CIS, in EurAsEC, in all other kinds of regional integration and cooperation, in the Black Sea Economic Cooperation (BSEC) etc. But it should, however, watch out not to maintain or conclude any agreements with third parties which are contradictory to the EU main objective. In all of these mentioned regional agreements I do not see *prima facies* any bigger problems.

The author of these lines is of course not free of any error. In this context, I dared simply to kick off a discussion, which, at this time, comes from somebody out of the European Union. If ever I would hurt anybody, I apologize to him or her; I might not yet know too much about Armenia, having been here only two times within four years. At the same time I would like to stress that if nobody has visions not much moves, and that the young people of Armenia who are enthusiastic by this vision deserve such a feedback.

We in the European Union have created many “real utopias” in the past, with reality to follow: peace and friendship between the citizens of Europe after World War II, a Single Market, where everyone can buy and sell without border controls, a Schengen Agreement on free circulation of persons and with internal borders lifted, a Monetary Union with one single currency, the enlargements. It is sometimes hard for us to detect the undoubted success, which is represented by the increase from 6 to 25 member states from 1957 to 2004. And at present, Europe works on its Constitution and on its Common Foreign and Security Policy.

The European integration is far from being finished. But being by far the best idea for Europe in the second half of last century, it is and will be also a permanent construction site. And there are many Europeans who appreciate if Armenia could seize the shovel.